

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

S-E-C-R-E-T

50X1-HUM

COUNTRY Poland

REPORT

SUBJECT Analysis of the Present Economic Situation in Poland

DATE DISTR. 28 JAN 1960

NO. PAGES 1

REFERENCES RD

DATE OF INFO.

50X1-HUM

PLACE & DATE ACQ.

50X1-HUM

SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

analysis of the present economic

situation in Poland

Included in the

report are the following: charts showing investment outlays in the

✓ various sectors of the national economy with figures for the years

1950-1958; charts showing the livestock situation and the production

of certain field crops per capita; statistical tables for imports and

exports broken down by country and by kind of goods; charts showing

employment and wages. Certain conclusions

are given 50X1-HUM

at the end of the report ✓

S-E-C-R-E-T

50X1-HUM

| | | | | | | | | | | | | | | | | |
|------------------------------------------------------------------------------|---|------|---|------|---|-----|---|-----|--|-----|--|-----|---|-----|----|---|
| STATE | X | ARMY | X | NAVY | X | AIR | X | FBI | | AEC | | NSA | X | ORR | EV | X |
| (Note: Washington distribution indicated by "X"; Field distribution by "#".) | | | | | | | | | | | | | | | | |

INFORMATION REPORT INFORMATION REPORT

SECRET

Poland

SECRET

50X1-HUM

Present General Government

50X1-HUM

a. [redacted]
 field lies certainly in inner springs of the economic
 and political movement, which are not widely revealed.
 One of these springs is certainly an amount of investment
 outlays, which according to the last unpublished figures
 amounts to:

| Sectors of the National Economy | 1950-1955 | 1956 | 1957 | 1958 | 1950-1955 | 1958 |
|----------------------------------------------------|--------------------|-------|-------|-------|-----------|-------|
| | in millions zlotys | | | | in % | |
| Total | 240.378 | 50553 | 54064 | 58756 | 100.0 | 100.0 |
| of which non socialized economy ^{b)} | 9882 | 3940 | 6370 | 7553 | 4.1 | 12.9 |
| Industry and handicrafts | 105296 | 21248 | 22233 | 24197 | 43.8 | 41.2 |
| Agriculture ^{c)} | 27349 | 8396 | 9127 | 9886 | 11.4 | 16.8 |
| of which non social- ized economy ^{b)} | 8056 | 3012 | 4603 | 5436 | 3.4 | 9.3 |
| Forestry | 800 | 206 | 236 | 214 | 0.4 | 0.4 |
| Building | 8130 | 2127 | 2219 | 1462 | 3.4 | 2.5 |
| Transport and commu- nications | 30.173 | 4565 | 5126 | 5784 | 12.5 | 9.8 |
| Trade | 8130 | 1371 | 1381 | 1914 | 3.4 | 3.3 |
| Municipal Services | 6800 | 1386 | 1695 | 1862 | 2.8 | 3.2 |
| Leisure | 27469 | 7082 | 8274 | 9328 | 11.4 | 15.9 |
| of which non social- ized economy ^{b)} | 1826 | 843 | 1047 | 1335 | 0.7 | 2.3 |
| Social and cultural establishments | 12183 | 2611 | 3083 | 3435 | 5.1 | 5.8 |
| Other | 13958 | 1561 | 691 | 674 | 5.8 | 1.1 |

SECRET

a) At 1956 prices. Excluding

b) Estimated

50X1-HUM

c) Including outlays on residential building in socialized
 farms and on private residential buildings in rural areas
 d) Residential building in urban areas.

SECRET

If we now include a second division of data, difference would be even more striking

50X1-HUM

50X1-HUM

| Types of outlays | 1950-1955 | 1956 | 1957 | 1958 | 1950-1955 | 1958 |
|-------------------------------------------------------|-----------------|--------|--------|--------|-----------|-------|
| | in mil. dollars | | | | in % | |
| Total | 230,496 | 46,613 | 47,694 | 51,203 | 100,0 | 100,0 |
| Outlays on building and construction | 145,977 | 27,699 | 28,500 | 31,228 | 63,3 | 61,0 |
| Outlays on machinery, installations, tools and stocks | 68,252 | 15,554 | 15,454 | 16,243 | 29,6 | 31,7 |
| Other investment outlays | 16,267 | 3,360 | 3,740 | 3,732 | 7,1 | 7,3 |

At 1956 prices. Excluding outlays on ~~Domestic~~ Livestock.

a) Including, among others, outlays on: project-and-estimate documentation, geological research work, investment survey etc.

b. To pursue supplied data for the analysis, which follows, we switch now to another field of crucial importance - agriculture, bringing about recent classified data:

Production of certain field crops per capita

| Field crops | 1949 | 1955 | 1957 | 1958 |
|--------------------|--------------|-------|--------|--------|
| | in kilograms | | | |
| 4 cereals | 487,5 | 464,2 | 477,7 | 471,3 |
| of which: wheat | 73,0 | 78,2 | 81,9 | 81,6 |
| rye | 276,9 | 256,7 | 262,7 | 254,9 |
| potatoes | 1265,9 | 990,6 | 1240,1 | 1209,8 |
| sugar beet | 196,2 | 267,1 | 269,2 | 292,2 |
| Rape and agri-mary | 3,4 | 5,6 | 3,6 | 2,8 |

SECRET

50X1-HUM

Here again An even more drastic situation we can find in the domain of livestock

| | Cattle | | Pigs ^a | Sheep | Horses |
|--------------------------------|--------|---------------|-------------------|--------|--------|
| | total | of which cows | | | |
| IN THOUSAND HEADS. | | | | | |
| Total | | | | | |
| 1955 | 7912,2 | 5454,7 | 10889,3 | 4243,2 | 2560,1 |
| 1957 | 8264,8 | 5766,6 | 12325,4 | 4030,6 | 2623,0 |
| 1958 | 8209,7 | 5934,4 | 11958,9 | 3882,3 | 2732,5 |
| of which: | | | | | |
| Private farms ^a | | | | | |
| 1950 | 6798,3 | 4644,7 | 8759,0 | 2047,1 | 2660,2 |
| 1957 | 7340,9 | 5264,4 | 10489,2 | 3535,4 | 2405,2 |
| 1958 | 7323,5 | 5415,2 | 10536,5 | 3439,7 | 2518,6 |
| Cooperative farms ^b | | | | | |
| 1950 | 35,9 | 26,0 | 40,2 | 10,9 | 14,3 |
| 1957 | 79,3 | 53,3 | 142,8 | 57,3 | 18,2 |
| 1958 | 72,0 | 49,5 | 124,2 | 48,7 | 17,4 |
| State farms ^c | | | | | |
| 1950 | 259,8 | 101,5 | 347,3 | 112,7 | 107,1 |
| 1957 | 608,0 | 270,8 | 876,2 | 345,0 | 158,4 |
| 1958 | 530,0 | 294,9 | 578,8 | 304,0 | 157,7 |

- a) (including livestock belonging to private persons having no farms
 b) In 1950 organized cooperatives; in 1957 and 1958 Cooperatives carrying out collective farming. Including livestock owned by members of cooperative farms
 c) State ownership

SECRET

C. Third Group of economic difficulties
is represented by the foreign trade. This domain
can be also characterised quantitatively in two
statistical tables

1958

| | imports | | exports | |
|----------------|-----------|-------|-----------|------|
| | in mln zl | % | in mln zl | % |
| Total | 4907,3 | 100,0 | 4237,5 | 100 |
| of which: | | | | |
| Czechoslovakia | 377,8 | 7,7 | 289,9 | 6,8 |
| Germany (East) | 621,9 | 12,7 | 425,5 | 10,0 |
| Hungary | 135,4 | 2,8 | 114,6 | 2,7 |
| USSR | 1335,9 | 27,2 | 1060,8 | 25,0 |
| China | 145,0 | 3,0 | 288,6 | 6,8 |
| & | | | | |
| Great Britain | 332,0 | 6,8 | 275,2 | 6,5 |
| USA | 406,8 | 8,3 | 107,1 | 2,5 |
| Germany (West) | 268,5 | 5,5 | 283,5 | 6,7 |

SECRET

- 5 -

SECRET

50X1-HUM

50X1-HUM

and by structure

| Groups of goods | 1957 | 1958 |
|----------------------------------------------------------------------------------------------|----------------|-------|
| | in percentages | |
| IMPORTS | | |
| Total | 100,0 | 100,0 |
| Machinery, Transport- and other equipment | 23,8 | 26,7 |
| of which: | | |
| electric machinery & equipment | 2,2 | 3,4 |
| machinery and full equipment of industrial establishments | 3,8 | 2,5 |
| machinery and equipment for chemical foodstuffs- timber- building and other industries | 3,4 | 5,4 |
| Raw and other ^{materials} materials for production | 53,1 | 53,9 |
| of which: | | |
| fuel | 6,3 | 6,9 |
| raw materials for heavy industry | 22,6 | 24,0 |
| raw materials for light- and building industry | 21,4 | 20,7 |
| supply of agriculture | 2,8 | 2,3 |
| Agricultural foodstuffs | 17,4 | 17,0 |
| Industrial consumers' goods | 5,7 | 8,4 |
| EXPORTS | | |
| Total | 100,0 | 100,0 |
| Machinery, transport- and other equipment | 20,0 | 26,8 |
| of which: | | |
| metal working machine tools | 0,8 | 0,9 |
| machinery and full equipment of industrial establishments | 1,5 | 1,8 |
| rolling stock | 5,4 | 5,1 |
| ships, boats and equipment | 4,3 | 5,5 |

SECRET

50X1-HUM

SECRET

50X1-HUM

SECRET

50X1-HUM

50X1-HUM

Contd.

| | 1957 | 1958 |
|----------------------------------------|----------------|------|
| | in percentages | |
| Raw and other materials for production | 67,0 | 50,8 |
| of which: | | |
| coal and coke | 39,3 | 28,9 |
| iron and zinc | 12,1 | 11,9 |
| timber and paper | 2,5 | 2,3 |
| Agricultural foodstuffs | 12,6 | 16,9 |
| Industrial consumers' goods | 6,4 | 5,5 |

a. Last but not least comes the problem of wages of the population. For the last three years the situation looks as follows:

| Years | Gross salaries and wages fund (in mln rub) | Employment ^a (in thous) | Average monthly pay (in rub) | | Index of average nominal net wages | |
|-------|--------------------------------------------|------------------------------------|------------------------------|------------------|------------------------------------|---------------------|
| | | | Gross | Net ^b | 1949 = 100 | previous year = 100 |
| 1956 | 7285 100 509 | 7083 | 1183 | 1109 | 248,0 | 110,8 |
| 1957 | 72 118 951 | 7279 | 1362 | 1266 | 283,1 | 114,2 |
| 1958 | 126 915 | 7326 | 1444 | 1331 | 297,8 | 105,1 |

50X1-HUM

SECRET

SECRET

50X1-HUM

and another table

50X1-HUM

| | 1956 | | 1957 | | 1958 | |
|----------------------------------------|----------------------------|-------------------------|----------------------------|-------------------------|----------------------------|-------------------------|
| | Employment in thousands | Wage bill in mil. \$ | Employment in thousands | Wage bill in mil. \$ | Employment in thousands | Wage bill in mil. \$ |
| Total | 6,787.1 | 98,007 | 6,887.4 | 115,766 | 6,851 | 123,674 |
| Agriculture and forestry | 670.4 | 7,184 | 645.9 | 7,489 | 585 | 7,558 |
| Outside agriculture and forestry | 6,116.7 | 90,823 | 6,241.5 | 108,277 | 6,266 | 116,118 |
| of which: | | | | | | |
| Industry and handicraft | 2,802.7 | 44,388 | 2,900.2 | 54,916 | 2,921 | 58,524 |
| Building | 744.6 | 12,698 | 730.7 | 13,892 | 722 | 15,356 |
| Transport and communicating | 591.2 | 8,442 | 621.2 | 10,489 | 650 | 11,556 |
| Trade | 673.5 | 8,302 | 672.2 | 9,636 | 662 | 9,930 |
| Municipal housing services and housing | 148.1 | 1,958 | 168.7 | 2,631 | 174 | 3,012 |
| Social and cultural establishments | 645.6 | 8,105 | 677.3 | 9,686 | 709 | 10,738 |
| Administration | 358.8 | 5,057 | 338.5 | 5,255 | 300 | 5,128 |

| | 1955 | 1956 | 1957 | 1958 |
|-----------------------------|-------|-------|-------|-------|
| Index of the cost of living | 100.0 | 99.4 | 105.0 | 107.1 |
| - 1. - average real wage | 100.0 | 111.6 | 120.8 | 124.8 |
| previous year = 100 | x | 111.6 | 108.2 | 103.3 |

50X1-HUM

SECRET

SECRET

For the last three quarters of ~~the year~~ ^{the economic situation developed in a} the ~~economic~~ economic situation developed in a following way:

50X1-HUM

50X1-HUM

- a. Industrial production has risen during this time about 9% in comparison with the same time period of 1958. In this a part of the heavy industry increased about 11%, while the light and food industry increased only 6%, and the part of small and cooperative industry was hit in this rise (as a matter of fact this latter has fallen slightly). Investments during this period had risen totally about 22% in comparison with the same period of the last year.
- b. In the domain of agriculture - harvest of cereals has risen slightly the crops in comparison with a similar period of 1958, while droughts influenced strongly crops in vegetables, fodder and winter crops, and livestock has fallen alarmingly.
- c. In the foreign trade: until now import of cereals was to a certain degree counterbalanced by the export of meat. In 1959 Poland started a simultaneous import of some sorts of meat, and cut both import of cereals and export of meat. At the same time a considerable fall of coal prices

50X1-HUM

SECRET

was hardly counterbalanced by the increased volume of export of coal.

50X1-HUM

d. Wages and salaries bill increased about 20% in comparison with 1958.

50X1-HUM

A following conclusions are drawn:

1. Investment activity increases constantly in industry, agriculture and housing. Nonetheless while ^{examining} excluding closely the figures, it is to be seen that increase in machinery, installations, tools and stock is much more intense than in other domains of investment. Conclusion is easily to be drawn, namely that of following an orthodox way of investment in the means of production instead of ^{salvaging} ~~equilibrating~~ these outlays in investments in infrastructure and secondary (non-productive industries) and tertiary (services) sectors of economy.

2. This creates a number of primary effects

a. Increase in the import of machinery, transport and other equipment (from 23.8% to 26.7%)

Increase in import of raw and other material for production (from 53.1% to 53.9%)

b. Increase in employment in industry, at the expense of all other branches of national economy, except transport

Considerable increase in the wage bill for industry, and as well - for all others branches of economy (except administration) in spite of the fact that employment has fallen in all these branches

50X1-HUM

SECRET

SECRET

50X1-HUM

50X1-HUM

3. Field crops of basic cereals have fallen. The single increase in field crops in all branches is to be noted in the ^{sugar} beet, which pays is of a relatively minor importance.

4. A considerable fall is to be noted in cattle herding, in which for cows and ^{sheep} pigs for all three sectors of agricultural propertyship (private, cooperative, state farms). Herding of pigs increased only in the private farms, but peasants were reluctant to deliver it to the state distribution net, showing a strong tendency to rise profits through black market.

4. There is an acute disequilibrium in the foreign balance of payment and the trade balance with foreign countries, to which contribute mainly such creditors, as USSR, East Germany and Czechoslovakia on one side and Great Britain and USA on the other side.

Situation outlined is self sustaining, considering that a tendency to increase the rate of investments and a rate of increase of industrial production remains valid. Those two phenomena, plus a rate of ^{increase of} productivity stopped (technical progress is practically checked).

50X1-HUM

SI

which gives a perfect proof of brakes on the technical progress, created by through the lack of incentives) must lead in some way to a repeated story of 1955-1956, namely:

50X1-HUM

- rise in volume of investment goods, without a parallel rise in complementary industries and services
- fall in agriculture supplies
- decrease in export possibilities, due to the low attracting power of exported machinery (no modernization etc.) and lack of possibilities in agricultural export
- rising cost (halted increase in productivity, & increased wages bill)
- inflation of the buying power of wages of industrial workers (free market prices for agricultural goods would rise quicker than wages).

It is to be foreseen that following measures will be adopted in order to safeguard the basic ^{foreseen} tendency of investments in heavy industry:

- increase of prices for industrial goods (construction & building materials, agricultural machines) delivered for peasants. This method of drainage of peasant's buying power is foreseen to constitute an incentive towards bigger deliveries of agricultural goods
- administrative measures aiming to restrain free market speculation with meat and

50X1-HUM

SECRET

50X1-HUM

agricultural products

- strengthening of the ^{direct} administrative control in industry, in order to increase productivity through a more intense work

- more detailed planning methods, imposed by administrative organs and executed narrowly by intermediate bodies

- rigid limitation of the wages' bill. Simultaneous cut in all additional sub-orders, representing a super-revenue for intellectual workers, engineers and administrators (foremostly - ~~at~~ projecting of and plans in technology, design and economy, realised beyond office hours and constituting a constant personal income for thousands persons).

50X1-HUM

SECRET